

House Engrossed

FILED
MICHELE REAGAN
SECRETARY OF STATE

State of Arizona
House of Representatives
Fifty-second Legislature
Second Regular Session
2016

CHAPTER 242

HOUSE BILL 2476

AN ACT

REPEALING SECTION 15-1102, ARIZONA REVISED STATUTES; AMENDING TITLE 15, CHAPTER 10, ARTICLE 1, ARIZONA REVISED STATUTES, BY ADDING A NEW SECTION 15-1102; RELATING TO SCHOOL FINANCE.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Repeal

3 Section 15-1102, Arizona Revised Statutes, is repealed.

4 Sec. 2. Title 15, chapter 10, article 1, Arizona Revised Statutes, is
5 amended by adding a new section 15-1102, to read:

6 15-1102. Disposition of proceeds from sale or lease of school
7 property; school plant monies; payment of bonded
8 indebtedness; definition

9 A. THE GOVERNING BOARD, OR THE SUPERINTENDENT OR CHIEF ADMINISTRATIVE
10 OFFICER WITH THE APPROVAL OF THE GOVERNING BOARD, MAY EXPEND THE PROCEEDS
11 FROM THE SALE OR LEASE OF SCHOOL PROPERTY FOR THE PAYMENT OF ANY OUTSTANDING
12 BONDED INDEBTEDNESS OF THE SCHOOL DISTRICT OR FOR THE REDUCTION OF SCHOOL
13 DISTRICT TAXES.

14 B. A COMMON SCHOOL DISTRICT OR A HIGH SCHOOL DISTRICT THAT HAS AN
15 OUTSTANDING BONDED INDEBTEDNESS OF SEVEN PERCENT OF THE CURRENT YEAR'S
16 ASSESSED VALUATION OR LESS OR A UNIFIED SCHOOL DISTRICT THAT HAS AN
17 OUTSTANDING BONDED INDEBTEDNESS OF FOURTEEN PERCENT OF THE CURRENT YEAR'S
18 ASSESSED VALUATION OR LESS MAY EXPEND THE PROCEEDS FROM THE SALE OR LEASE OF
19 SCHOOL PROPERTY AS FOLLOWS:

20 1. THE TOTAL SUM OF THE PROCEEDS FROM THE SALE OF SCHOOL PROPERTY
21 EXECUTED BEFORE JULY 1, 2016, FOR THE TOTAL SUM OF THE PROCEEDS FROM THE SALE
22 OF PROPERTY TO A SCHOOL OR THE TOTAL SUM OF THE PROCEEDS FROM THE LEASE OF
23 SCHOOL PROPERTY TO PERSONS OR ENTITIES OTHER THAN SCHOOLS FOR MORE THAN ONE
24 YEAR:

25 (a) MAY BE EXPENDED FOR MAINTENANCE AND OPERATION IN AN AMOUNT THAT
26 DOES NOT EXCEED FIFTEEN PERCENT OF THE REVENUE CONTROL LIMIT FOR THAT YEAR AS
27 PROVIDED IN SECTION 15-947, SUBSECTION A IN ANY YEAR.

28 (b) MAY BE EXPENDED FOR CAPITAL OUTLAY IN ANY AMOUNT.

29 2. FROM AND AFTER JUNE 30, 2016, PROCEEDS FROM THE SALE OF SCHOOL
30 PROPERTY THAT EXCEED ONE HUNDRED THOUSAND DOLLARS PER SALES TRANSACTION TO
31 PERSONS OR ENTITIES OTHER THAN SCHOOLS MAY NOT BE EXPENDED FOR MAINTENANCE
32 AND OPERATION AND MAY BE EXPENDED FOR CAPITAL OUTLAY IN ANY AMOUNT.

33 C. A COMMON SCHOOL DISTRICT OR A HIGH SCHOOL DISTRICT THAT HAS AN
34 OUTSTANDING BONDED INDEBTEDNESS OF GREATER THAN SEVEN PERCENT OF THE CURRENT
35 YEAR'S ASSESSED VALUATION OR A UNIFIED SCHOOL DISTRICT THAT HAS AN
36 OUTSTANDING BONDED INDEBTEDNESS OF GREATER THAN FOURTEEN PERCENT OF THE
37 CURRENT YEAR'S ASSESSED VALUATION MAY EXPEND THE PROCEEDS FROM THE LEASE OR
38 SALE OF SCHOOL PROPERTY AS FOLLOWS:

39 1. FOR THE TOTAL SUM OF THE PROCEEDS FROM THE SALE OF SCHOOL PROPERTY
40 EXECUTED BEFORE JULY 1, 2016, FOR THE TOTAL SUM OF THE PROCEEDS FROM THE SALE
41 OF PROPERTY TO A SCHOOL OR FOR THE TOTAL SUM OF THE PROCEEDS FROM THE LEASE
42 OF SCHOOL PROPERTY TO PERSONS OR ENTITIES OTHER THAN SCHOOLS FOR MORE THAN
43 ONE YEAR:

44 (a) UP TO TWENTY-FIVE PERCENT OF THE SALES PROCEEDS MAY BE EXPENDED
45 FOR MAINTENANCE AND OPERATION IN AN AMOUNT THAT DOES NOT EXCEED FIFTEEN

1 PERCENT OF THE REVENUE CONTROL LIMIT FOR THAT YEAR AS PROVIDED IN SECTION
2 15-947, SUBSECTION A IN ANY YEAR.

3 (b) THE SALES OR LEASE PROCEEDS MAY BE EXPENDED FOR CAPITAL OUTLAY IN
4 ANY AMOUNT.

5 2. FROM AND AFTER JUNE 30, 2016, FOR PROCEEDS FROM THE SALE OF SCHOOL
6 PROPERTY THAT EXCEED ONE HUNDRED THOUSAND DOLLARS PER SALES TRANSACTION TO
7 PERSONS OR ENTITIES OTHER THAN SCHOOLS:

8 (a) THE SALES PROCEEDS MAY NOT BE EXPENDED FOR MAINTENANCE AND
9 OPERATION.

10 (b) AT LEAST THIRTY-EIGHT PERCENT OF THE SALES PROCEEDS SHALL BE USED
11 FOR THE PAYMENT OF ANY OUTSTANDING BONDED INDEBTEDNESS OF THE SCHOOL DISTRICT
12 OR FOR THE REDUCTION OF SCHOOL DISTRICT TAXES.

13 (c) THE REMAINDER OF THE SALES PROCEEDS THAT ARE NOT OBLIGATED
14 PURSUANT TO SUBDIVISION (b) OF THIS PARAGRAPH MAY BE EXPENDED FOR CAPITAL
15 OUTLAY IN ANY AMOUNT.

16 D. THE GOVERNING BOARD, OR THE SUPERINTENDENT OR CHIEF ADMINISTRATIVE
17 OFFICER WITH THE APPROVAL OF THE GOVERNING BOARD, SHALL PROMPTLY DEPOSIT
18 MONIES RECEIVED FOR AND DERIVED FROM THE SALE OR LEASE OF SCHOOL PROPERTY
19 WITH THE COUNTY TREASURER WHO SHALL ESTABLISH A SCHOOL PLANT FUND. MONIES
20 PLACED TO THE CREDIT OF THE SCHOOL PLANT FUND MAY BE EXPENDED AS PROVIDED IN
21 THIS SECTION. THE SCHOOL PLANT FUND IS A CONTINUING FUND THAT IS NOT SUBJECT
22 TO REVERSION.

23 E. PROCEEDS FROM SALES BY CONDEMNATION OR SALES UNDER THREAT OF
24 CONDEMNATION MAY BE DEPOSITED WITH THE COUNTY TREASURER FOR DEPOSIT IN THE
25 CONDEMNATION FUND OR THE SCHOOL PLANT FUND OF THE SCHOOL DISTRICT. THE
26 CONDEMNATION FUND IS A CONTINUING FUND THAT IS NOT SUBJECT TO REVERSION,
27 EXCEPT THAT AFTER TEN YEARS ANY UNSPENT MONIES SHALL BE PLACED IN THE SCHOOL
28 PLANT FUND TO BE USED AS PRESCRIBED IN THIS SECTION. THE GOVERNING BOARD, OR
29 THE SUPERINTENDENT OR CHIEF ADMINISTRATIVE OFFICER WITH THE APPROVAL OF THE
30 GOVERNING BOARD, MAY APPLY THE PROCEEDS IN THE CONDEMNATION FUND TO:

31 1. THE PAYMENT OF ANY OUTSTANDING BONDED INDEBTEDNESS OF THE SCHOOL
32 DISTRICT THAT IS PAYABLE FROM THE LEVY OF TAXES ON PROPERTY WITHIN THE SCHOOL
33 DISTRICT.

34 2. CONSTRUCT, ACQUIRE, IMPROVE, REPAIR OR FURNISH SCHOOL FACILITIES OR
35 SITES AFTER NOTICE AND A HEARING.

36 F. PROCEEDS FROM A RIGHT-OF-WAY SETTLEMENT SHALL BE DEPOSITED WITH THE
37 COUNTY TREASURER FOR DEPOSIT IN THE CONDEMNATION FUND OF THE SCHOOL DISTRICT.
38 THE GOVERNING BOARD, OR THE SUPERINTENDENT OR CHIEF ADMINISTRATIVE OFFICER
39 WITH THE APPROVAL OF THE GOVERNING BOARD, SHALL APPLY THOSE PROCEEDS IN THE
40 CONDEMNATION FUND TO CONSTRUCT, ACQUIRE, IMPROVE, REPAIR OR FURNISH SCHOOL
41 FACILITIES OR SITES AFTER NOTICE AND A HEARING.

42 G. THE RESTRICTIONS PRESCRIBED IN SUBSECTIONS B AND C OF THIS SECTION
43 DO NOT APPLY TO THE PROCEEDS FROM:

44 1. LEASES OF SCHOOL PROPERTY TO OTHER SCHOOLS.

45 2. LEASES OF SCHOOL PROPERTY FOR LESS THAN ONE YEAR.

1 3. SALES OF SCHOOL PROPERTY OF LESS THAN ONE HUNDRED THOUSAND DOLLARS
2 PER TRANSACTION.

3 H. A LEASE OF SCHOOL PROPERTY FOR LESS THAN ONE YEAR THAT INCLUDES AN
4 AUTOMATIC LEASE RENEWAL RESULTING IN A TOTAL LEASE DURATION THAT EXCEEDS ONE
5 YEAR IS CONSIDERED A LEASE FOR MORE THAN ONE YEAR FOR THE PURPOSES OF THIS
6 SECTION.

7 I. FOR THE PURPOSES OF THIS SECTION, "CAPITAL OUTLAY" MEANS
8 UNRESTRICTED CAPITAL OUTLAY AS PRESCRIBED IN SECTION 15-903, SUBSECTION C.

9 Sec. 3. Retroactivity

10 Section 15-1102, Arizona Revised Statutes, as added by this act, is
11 effective retroactively to from and after June 30, 2016.

APPROVED BY THE GOVERNOR MAY 12, 2016.

FILED IN THE OFFICE OF THE SECRETARY OF STATE MAY 12, 2016.

Passed the House February 18, 20 16

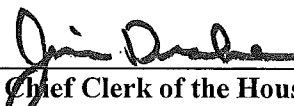
by the following vote: 57 Ayes,

0 Nays, 3 Not Voting



Speaker of the House

☒ Pro Tempore

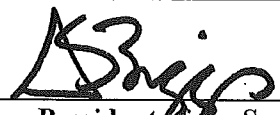


Chief Clerk of the House

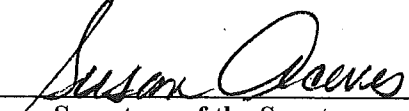
Passed the Senate May 5, 20 16

by the following vote: 29 Ayes,

0 Nays, 1 Not Voting



President of the Senate



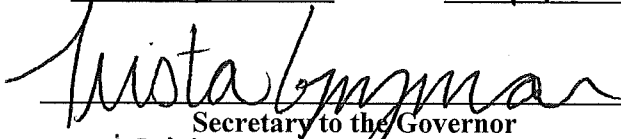
Secretary of the Senate

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF GOVERNOR

This Bill received by the Governor this

10th day of May, 20 16

at 10:21 o'clock A. M.

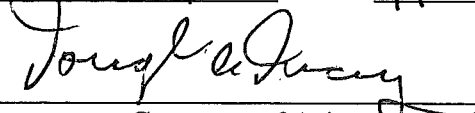


Secretary to the Governor

Approved this 12th day of

May

at 9:39 o'clock A. M.



Governor of Arizona

EXECUTIVE DEPARTMENT OF ARIZONA
OFFICE OF SECRETARY OF STATE

This Bill received by the Secretary of State

this 13 day of May, 20 16

at 8:35 o'clock A. M.



Secretary of State

H.B. 2476